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ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

April 16, 2009

Arizona Corporation Commission
DOCKETED

APR 20 2009

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

DOCKETED BY	
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RE: Diablo Village Water Company and Thim Utility Co. - Joint Application for authorization to sell and transfer of water system assets to Metropolitan Domestic Water Improvement District and cancellation of their respective Certificates of Convenience and Necessity Docket Nos. W-02309A-09-0095 and W-03293A-09-0095
April 1, 2009 ACC Staff INSUFFICIENCY LETTER

To Whom It May Concern:

This letter and the enclosed attachments are intended to be responsive to the Commission Staff's April 1, 2009 Insufficiency Letter in the above-referenced proceeding.

1. Please provide the name, address, and telephone number of Metropolitan Domestic Water Improvement District's Representative.

RESPONSE: The Metropolitan Domestic Water Improvement District's ("MDWID") Representative in connection with the above-referenced proceeding is Mark Stratton. Mr. Stratton's address and telephone number are 6265 N. La Canada, Tucson, Arizona 85704, and (520) 757-8700.

2. Please provide a copy of the most recent Letter of Good Standing issued by the Corporations Division of the Arizona Corporation Commission to Diablo Village Water Company.

RESPONSE: Attached hereto as Appendix "A" and incorporated herein by this reference is a copy of an April 14, 2009 Certificate of Good Standing from the Corporations Division of the Commission for Diablo Village Water Company.

3. Please provide a copy of the most recent Letter of Good Standing issued by the Corporations Division of the Arizona Corporation Commission to Thim Utility Co.

RESPONSE: Attached hereto as Appendix "B" and incorporated herein by this reference is a copy of an April 14, 2009 Certificate of Good Standing from the Corporations Division of the Commission for Thim Utility Co.

4. Describe any change to the operation and maintenance of the system that will occur if the proposed transfer is approved. Please be sure to discuss whether or not the nine (9) full and part-time employees of Diablo Village Water Company and Thim Utility Co. ("Applicants") would be retained.

RESPONSE: Based on their discussions to date with MDWID, Diablo Village Water Company and Thim Utility Co. do not anticipate any material changes to the operation and maintenance of their respective water systems upon MDWID's acquisition of the same. Following acquisition of the two water systems, the operation and maintenance functions will be performed by the employees of MDWID. MDWID currently employs fifty-five (55) individuals, and provides service to more than 18,000 customers.

At present, Diablo Village Water Company and Thim Utility Co. utilize four (4) full-time field employees and one (1) part-time field employee. In addition, they have three (3) full-time inside employees, including Mr. Robin Thim. In the event of acquisition of the aforesaid water systems by MDWID, the employment of one (1) full-time field employee and the part-time field employee would be terminated. The remaining three (3) full-time field employees and the three (3) full-time inside employees would continue to be employed by Mr. Thim in connection with his remaining businesses.

5. Provide a complete listing of the Applicants' assets or direct Staff to where the list of assets can be found in the agreement. If you are providing a list, please indicate those assets if there are any that would not be transferred to Metropolitan Domestic Water Improvement District. Please note that Exhibit H - Bill of Sale is blank.

RESPONSE: The requested information to Item 5 will be provided in a subsequent response to the aforesaid April 1, 2009 Insufficiency Letter.

6. According to the Application, Thim Utility Co. "owns a portion of the water system assets which comprise the Three Points water system." Please provide the Company's name that operates the Three Points water systems.

RESPONSE: Mr. Robin Thim owns both Thim Utility Co. and Thim Water Corporation. In turn, each of these entities owns portions of the Three Points water system. Mr. Thim oversees the operation and maintenance of the Three Points water system; and, none of the Three Points water system assets or operations are proposed to be transferred to MDWID as a result of the above-referenced Joint Application.

7. According to the Agreement, the Seller will be responsible for refunding all customer deposit and "meter deposits". Does the phrase "meter deposits" mean "refunds due on meter and service line installation"? If not, are there any refunds due on meter and service line installations? If yes, please explain the proposed disposition of refunds.

RESPONSE: Yes. The Asset Purchase Agreement provides that its effectiveness is contingent upon prior Commission approval. Accordingly, Diablo Village Water Company and Thim Utility Co. would not refund affected customer deposits and meter deposits unless and until the Commission has approved the Asset Purchase Agreement. In addition, the refund obligation of the water companies is also contingent upon the contemplated transaction between them and MDWID closing. Assuming receipt of the necessary approval of the Asset Purchase Agreement by the Commission, and a subsequent closing of the transaction between the water companies and MDWID, Diablo Village Water Company and Thim Utility Co. will refund all affected customer deposits and meter deposits within ten (10) calendar days from the closing date.

8. Has a Notice of the Application been sent to the affected customers? If so, please file a copy in the docket. If not, when will the Applicants send a Notice of the Application to the affected customers? Please explain.

RESPONSE: No. A Notice of Application and Hearing will be sent to the affected customers of Diablo Village Water Company and Thim Utility Co. with the next regular billing for each company's customers following the establishment of a hearing date for the above-referenced Joint Application.

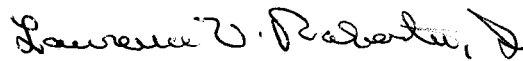
9. According to the Drinking Water Compliance Status Report, dated March 20, 2009, Diablo Village Water Company has major deficiencies and does not meet the ADEQ Water Quality Standards. Please provide Staff documentations showing that ADEQ's Water Quality concerns have been resolved.

RESPONSE: Diablo Village Water Company was unaware of any alleged "major deficiencies" in connection with its ongoing reporting to ADEQ and ADEQ's Water

Quality Standards until its receipt of the April 1, 2009 Insufficiency Letter. Since its receipt of the letter, Diablo Village Water Company has undertaken an investigation of the situation. Upon completion of such investigation, the water company will file a report as a supplement to this Item 9 of the aforesaid Insufficiency letter.

Please advise the undersigned if there are any questions relating to the foregoing or the attached information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence V. Robertson, Jr.", with a stylized flourish at the end.

Lawrence V. Robertson, Jr.

cc: Blessing N. Chukwu
Del Smith
Lyn Farmer
Brian Bozzo
Connie Walczak
Robin Thim
Mark Stratton

Appendix “A”

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

*****DIABLO VILLAGE WATER COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on June 1, 1977.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 14th Day of April, 2009, A. D.




Interim Executive Director

Order Number: 335090

Appendix “B”

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

*****THIM UTILITY CO.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on January 4, 1991.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 14th Day of April, 2009, A. D.




Interim Executive Director

Order Number: 335093